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SUBJECT: SALIH AND RUBAIE SAY 2008 THE YEAR OF ECONOMIC,  
POLITICAL GAINS

Classified By: Acting Political Counselor Ellen Germain for reasons 1.4  
(b,d).

¶1. (C) Deputy Prime Minister Barham Salih and National Security Advisor Muwaffaq al-Rubaie met January 5 with Senators Norm Coleman, John Cornyn, and Johnny Isakson in Salih's home. All agreed that Iraq has made important security strides in the last year, a fact which Salih hoped the Senators would use to persuade their constituencies to engage in Iraq a while longer. He listed signs of progress on the economic front, including that the Kurdish leadership had agreed to support the draft of the hydrocarbon law that the Council of Ministers passed last February. Both Salih and Rubaie acknowledged much work remains on the political front, but both expressed optimism that the de-Ba'athification law would pass in the Council of Representatives (COR) on Monday, January 7. End summary.

Salih: Iraq Can Succeed But Needs U.S. Support

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¶2. (C) Senator Coleman opened by marveling at the improvements in Iraq's security since his last visit, and asked Salih what more remained to be done. Salih agreed that much had improved, arguing that if Anbar can be won back then so can all of Iraq, and that Iraq was the first Muslim country in which the native population had risen up to expel Al Qaeda. New Year's Eve in Baghdad had been inspiring this year, as nearly every hotel in town held a large celebration that would have been unthinkable only months before. He also noted Iraqi security forces were taking over more responsibility from the Coalition, and Senator Isakson cited Basra as a prime example. Salih said the greatest need on the security front was simply for leaders like the Senator to persuade the U.S. public that Iraq's progress justifies a continued U.S. commitment.

¶3. (C) Salih said whereas 2007 was the year of security, 2008 will be the year of economic regeneration. He listed signs of economic progress, including that the GOI executed more of its budget in 2007 than 2006, and would soon pass its largest budget ever. He added that the COR had summoned him to discuss the budget on Monday, January 7. He called GOI management in the oil sector inadequate, but said a hopeful sign is that Presidents Talabani and Barzani met today in Erbil and agreed to support the draft of the hydrocarbon law that reached the COR in February. Several other crucial industries have taken important recent steps forward, in Salih's estimation: a major conference is scheduled this month in Amman to bolster the cement sector, bids for a GOI mobile telephone contract had been much higher than expected, and the GOI is working on a plan to revitalize Iraq's only major port. He noted finally that the GOI had recently concluded Iraq's first-ever public forum on fighting corruption, which Salih had patronized.

¶4. (C) Undeterred by the prospect of overusing the

construct, Salih said whereas 2007 was the year of security, 2008 will be the year of political settlement. He expressed hope that the de-Ba,athification law would pass this Monday (January 7). The GOI, in his view, needs to be more inclusive, with Tawafuq, Fadhila, and the Sadrists outside the government and the Kurds having major difficulties with it. Salih stressed, however, that the debate should not be personalized and that Maliki is not solely to blame for the stagnation. The system needs to change, he said, not "Mr. X or Mr. Y;" if it fails to change, the Sahwa councils that have so improved security may devolve into merely another militia.

Rubaie: GOI Better Than You Think

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15. (C) Rubaie interjected that the GOI has made more progress than many give it credit for, including on the political front. First, he noted that a year ago there was no 3 1 1 mechanism; he gushed that Maliki is excited about the body and has an unspecified new plan for it. Second, he said the nationwide tribal awakening was a GOI initiative, although others have attempted to claim credit for it. Third, the GOI had turned around its previously bloody relationship with Iran, in addition to improving relations with Syria and Saudi Arabia. All these he cited as signs of political progress. Rubaie acknowledged that much remains to be done, but predicted with confidence that the COR would pass de-Ba,athification on January 7. (Comment: While we are most likely in the endgame on the de-Ba,athification law, it did not pass today and we understand that proposed amendments to the law are still being finalized by the CoR's de-Ba,athification Committee.)

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